

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Product Prices
Priority Mail Contracts 10 (MC2013-6)
Negotiated Service Agreement

Docket No. CP2013-6

PUBLIC REPRESENTATIVE COMMENTS ON
POSTAL SERVICE NOTICE OF AMENDMENT
TO PRIORITY MAIL CONTRACT 46

(March 29, 2013)

The Public Representative hereby provides comments pursuant to Order No. 1680.¹ In that Order, the Commission established the above referenced docket to receive comments from interested persons, including the Public Representative, on a Postal Service Notice of a change in the terms of Priority Mail Contract 46.² Attachment A to the Notice consists of a redacted copy of an amendment to Priority Mail Contract 46. In Order No. 1682, the Commission designated the undersigned as Public Representative.³

The amendment to Paragraph I.G. changes the basis for the annual adjustment in the second and third years of the contract. Attachment A at 1. More specifically, price increases for the second and third year will be based on the average increase in prices of general applicability for "Priority Mail Commercial Plus" rather than the average increase in prices of general applicability for "Priority Mail Retail." *Id.*

¹ Order No. 1680, Notice and Order Concerning Amendment to Priority Mail Contract 46 Negotiated Service Agreement, March 22, 2013.

² Notice of United States Postal Service of Amendment to Priority Mail Contract 46, With Portions Filed Under Seal, March 21, 2013 (Notice).

³ Order No. 1682, Order Designating Public Representative, March 26, 2013.

The Commission previously approved the Postal Service's request to add Priority Mail Contract 46 to the competitive product list.⁴

The Postal Service asserts that the amendment "will not materially affect the cost coverage of Priority Mail Contract 46." Notice at 1. By its terms, the amendment would take effect one business day after the date on which the Commission completes its regulatory review of the Notice. *Id.*, Attachment A at 1.

COMMENTS

The Public Representative recommends Commission approval of the amendment to Priority Mail Contract 46. That said, the Postal Service does not explain its "change of heart" of adjusting the second and third year prices using the average increase in prices of general applicability for Priority Mail Commercial Plus instead of Priority Mail Retail, as originally negotiated. Moreover, as indicated above, the Postal Service states that the amendment will not "materially" affect the Priority Mail Contract 46 cost coverage. The Postal Service's conditional statement is warranted to the extent the Postal Service sets Priority Mail Commercial Plus prices such that the average price increase is less than the average price increase for Priority Mail Retail and the mailer's costs increase more than the average price increase for Commercial Plus.

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

Katalin K. Clendenin
Public Representative

901 New York Ave. NW
Washington, DC 20268-0001
202-789-6860
kclendenin@prc.gov

⁴ Order No. 1524, Order Adding Priority Mail Contract 46 to the Competitive Product List, Docket Nos. MC2013-6/CP2013-6, November 2, 2012.